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Kuwait: Investment Policies and Practices

A Research Paper

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Kuwait: Investment Policies and Practices [redacted]

A Research Paper

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This paper was prepared by [redacted] Office of Global Issues. Comments and queries are welcome and may be directed to the Chief, Trade and Monetary Branch, OGI, [redacted]

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Kuwait: Investment Policies and Practices [redacted]

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Overview

Information available as of 20 September 1982 was used in this report.

Recognizing the constraints posed by a small indigenous population and scarce natural resources, the government of Kuwait has chosen to limit nonoil industrial development in favor of acquiring foreign assets. It is counting on income from these investments to free future generations from dependence on crude oil exports. As a result, Kuwait holds a far larger share of total assets in nonreserve investments than do other OPEC countries. We estimate that corporate securities, real estate, and foreign acquisitions account for at least 42 percent of Kuwait's $67 billion in total official and quasi-official assets. Because of its stable political system and well-regulated and versatile markets, the United States is a preferred location for these investments. [redacted] 25X1

[redacted]

The government has recently focused on oil-related direct investments. The state-owned Kuwait Petroleum Corporation (KPC), established in 1980, aspires to become a major international oil company through an ambitious downstream development program at home as well as through overseas purchases. It acquires foreign investments such as Sante Fe International and Hoechst Chemical both for physical assets and for technical and managerial expertise. Currently KPC interest is centered on oil and gas exploration in the United States and, to a lesser extent, in African and Asian LDCs. To gain access to European markets, KPC is negotiating the partial acquisition of Gulf Oil's refineries. [redacted] 25X1

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Asset management is currently decentralized and ad hoc. While the Ministry of Finance has responsibility for 80 percent of Kuwait's assets, foreign investment managers—particularly those attached to the Kuwait Investment Office in London, which handles the largest portfolio—have broad discretionary authority. KPC, Central Bank, and Kuwait Fund for Arab Economic Development manage most of the asset balance. Investment companies—the largest of which have substantial government participation—hold about $3.7 billion in foreign assets, including deposits, government and corporate securities, commercial loans, and direct investments. 25X1

We estimate that the sharp drop in oil revenues beginning in the fourth quarter of 1981 has necessitated only small drawdowns in total foreign assets thus far this year. 25X1

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Kuwait's investments have provided US banks with lucrative management fees, while US oil companies have benefited from the KPC's willingness to provide ready cash. Kuwaiti acquisitions currently do not threaten US

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business in Western markets, but they could offer stiff competition in the Arabian Gulf when the oil market picks up. Even if Kuwait were to gain control over significant US oil and gas reserves in the future, federal and state governments have the authority to continue production from these wells if Kuwait were to try to withhold it for political purposes. [redacted]

[redacted]

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Table 1
Kuwait: Balance of Payments, 1974-81

Billion US $

	1974	1975	1976	1977	1978	1979	1980	1981 [a]	1974-81
Trade balance	7.5	6.0	6.1	4.8	5.3	12.8	13.1	7.4	63.0
Exports (f.o.b.)	9.1	8.3	9.3	9.3	10.0	17.8	20.0	15.1	98.9
Oil [b]	8.7	7.7	8.6	8.5	9.2	16.7	18.5	13.3	91.2
Imports (f.o.b.)	1.6	2.3	3.2	4.5	4.7	5.0	6.9	7.7	35.9
Net services and private transfers	0.2	0.6	0.8	0.8	1.4	2.0	4.1	7.0	16.9
Freight and insurance	−0.2	−0.3	−0.4	−0.7	−0.6	−0.7	−0.8	−1.0	−4.7
Investment income receipts	0.7	1.3	1.6	2.0	3.0	3.7	6.6	10.0	28.9
Government	0.4	0.7	0.9	1.0	1.6	2.0	3.8	6.0	16.4
Other	−0.3	−0.4	−0.4	−0.5	−1.0	−1.0	−1.7	−2.0	−7.3
Grants	−1.5	−0.8	−0.2	−0.9	−0.8	−0.8	−0.9	−0.6	−6.5
Current account balance	**6.2**	**5.8**	**6.7**	**4.7**	**5.9**	**14.0**	**16.3**	**13.2**	**73.4**
Change in net official and quasi-official assets	4.7	4.4	4.6	5.8	3.1	12.1	15.2	13.3	63.2
Official assistance	0.1	0.7	1.0	0.4	0.5	0.2	2.4	3.3	8.6
Government investment	3.8	3.6	3.3	4.0	2.9	10.8	11.5	9.3	49.2
Institutional investments	0.3	0.2	0.3	0.2	NEGL	0.4	0.3	0.5	2.2
Central Bank reserves	0.5	−0.1	NEGL	1.2	−0.3	0.7	1.0	0.2	3.2
Private net capital outflows (residual)	1.5	1.4	2.1	−1.1	2.8	1.9	1.1	−0.1	10.2

[a] Estimated.
[b] Includes credits and lags in payments.

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Kuwait: Investment Policies and Practices

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View of Foreign Assets

Most OPEC members view foreign assets as temporary investments of surplus funds until those funds are needed for development expenditures. Kuwait, however, recognizes the constraints posed by its small indigenous population and scarce natural resources and has, therefore, chosen to limit industrialization in the nonoil sector. Kuwaiti investments are designed to yield a stream of income that will provide for future generations once Kuwaiti oil is exhausted. To this end, Kuwait allocates a sizable portion of annual oil revenues in an untouchable investment fund for future generations.

Because of its longer term investment outlook, Kuwait holds a far larger share of total assets in nonreserve instruments than other OPEC countries. On the basis of the country's balance of payments, we estimate Kuwaiti foreign official and quasi-official assets at $67 billion as of the first quarter of 1982, of which 95 percent was accumulated in 1974-81 (tables 1 and 2).[2]

Table 2
OPEC Countries: Estimated Official Foreign Assets, Yearend 1981

	Billion US $	Percent
Total	**331**	**100**
Saudi Arabia	144	43
Kuwait	67 [a]	20
United Arab Emirates	33	10
Iraq	21	6
Venezuela	14	4
Qatar	13	4
Libya	12	4
Iran	10	3
Algeria	6	2
Indonesia	6	2
Nigeria	4	1
Ecuador	1	NEGL
Gabon	NEGL	NEGL

[a] Includes foreign assets of mixed-sector investment companies.

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Handling Oil Revenues

Since its creation in February 1980, the state-owned Kuwait Petroleum Corporation (KPC) has been responsible for marketing most of Kuwait's crude oil and all refined products and gas.[3] Current financial arrangements call for the KPC to purchase crude from the state at the government sales price, less production costs and losses on domestic oil sales. Similarly, the KPC buys gas at a price indexed to the official crude price, currently only $35 per thousand cubic meters. In this manner, a large share of KPC's income is derived from premiums on crude sales above the official price and the profits from exported refined

[2] In this paper, quasi-official assets are the foreign holdings of Kuwaiti investment firms, the largest of which have substantial government participation.

[3] The Arabian Oil Company of Japan is the only foreign producer of Kuwaiti crude; it owns 20 percent of Kuwait's share of offshore Neutral Zone production. On these 30,000-40,000 barrels per day (b/d), the Ministry of Finance receives royalties and taxes of about $29 per barrel.

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Kuwaiti Oil Policy

Oil provides about 90 percent of Kuwait's export earnings and more than 95 percent of budget revenues, excluding investment income, which is normally reinvested abroad. Production and pricing policies are determined by the Supreme Petroleum Council (SPC), a government body chaired by the Crown Prince and including the Ministers of Oil, Finance, Foreign Affairs, State, and Trade and Industry. The SPC advocates strict conservation of reserves and high prices, a policy made possible by the country's limited revenue needs. Moreover, because a large share of Kuwait Petroleum Corporation's domestic income is generated from premiums above the official price of crude, the government has an added incentive to charge what the market will bear.

After averaging close to 3 million barrels per day (b/d) in 1970-73, production—exclusive of the Neutral Zone which it shares with Saudi Arabia—was ordered cut to 2 million b/d (see table 3). This figure remained in effect until April 1980 when lagging sales forced the SPC to lower the ceiling to 1.5 million b/d; in April 1981 the production ceiling was lowered again to 1.25 million b/d. In 1979-81 when OPEC prices were not unified, Kuwait charged an average of $3.30 per barrel in premiums. Currently, Kuwait is committed to upholding the OPEC price of $32.30 for its main export crude and observing a production ceiling of just 800,000 b/d, including the Neutral Zone, as agreed at the March OPEC meeting.

oil and gas liquids. Government oil revenue figures reflect crude oil and gas sales at official prices, less production costs and local subsidies.

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Within the MOF, reserve funds are credited to one of two accounts—the General Reserve Fund and the Reserve Fund for Future Generations (RFFG). The General Reserve Fund receives most of the surplus in addition to repayments on loans extended by the Government of Kuwait (GOK) and investment income from assets held in this account. Out of this fund the MOF:

- Transfers revenues directly to various government institutions including the Central Bank, KPC, Kuwait Fund for Arab Economic Development (KFAED), the Credit and Savings Bank, and Kuwaiti Airways.
- Extends loans to and participates in Kuwaiti investment companies.
- Places deposits with local banks and investment companies.
- Gives aid to Arab states.
- Contributes to the capital of Arab companies and acquires foreign investments.

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We estimate that foreign investment portfolios have received 40 to 60 percent of total general reserve funds annually since 1973.

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The RFFG was initially credited in 1976 with $2.2 billion from the General Reserve Fund and $1 billion of the FY 1975/76 budget surplus. Statute has since required that a minimum of 10 percent of total government revenues—exclusive of investment income—be deposited in this account annually. Supplemental allocations were appropriated in FY 1980/81

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Table 3
Kuwait: Oil Production and Exports, 1970-82

Thousand barrels per day

Year	Ceiling [a]	Oil Production		Natural Gas Liquids	Total Production	Domestic Consumption	Exports
		Kuwait	Neutral Zone				
1970-73	NA	2,862	260	54	3,176	115	3,061
1974	2,000	2,276	270	60	2,606	90	2,516
1975	2,000	1,837	248	50	2,135	94	2,041
1976	2,000	1,911	234	50	2,195	102	2,093
1977	2,000	1,784	196	45	2,025	103	1,922
1978	2,000	1,894	236	50	2,180	110	2,070
1979 [b]	2,000	2,213	284	125	2,622	125	2,497
1980	1,500 (1 Apr)	1,387	269	110	1,766	125	1,641
1981	1,250 (1 Apr)	939	185	68	1,192	155	1,037
1982 (Jan-June)	650 (1 Apr)	655	150	60	865	142	723

[a] Ceiling does not apply to Neutral Zone production.
[b] Production allowed to rise above ceiling in response to Iranian supply disruptions.

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and FY 1981/82, although it is unlikely that the latter increase was realized, given the sharp decline in oil revenues. Assuming only 10 percent of revenues were contributed in FY 1981/82, we estimate that RFFG assets, including investment income, topped $12 billion at yearend 1981 and were invested in foreign portfolio accounts with heavy equity positions. By law, RFFG funds cannot be used to finance budgetary expenditures until 2001.

Investment Philosophy

Basic Criteria

Kuwaiti investment policy is largely shaped by the government's perception of foreign assets as an endowment for future generations.

When founded two years ago, the KPC announced its intention to become a major international oil company through an ambitious downstream development plan at home, as well as through diversified overseas purchases.[4] KPC acquisitions, such as Sante Fe International last year, provide physical assets as well as technical and managerial expertise on which Kuwait can draw to devise and carry out plans for upgrading the productive base of the local economy and increasing the quality and, hence, the value of its exports.

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Despite Washington's freeze of Iranian assets, Kuwaiti officials have stated in confidence that the United States can best satisfy their investment objectives because of its political stability and sizable, well-regulated, and versatile markets. The United States has been the single-largest outlet for Kuwaiti money

[4] See appendix A for details on the Kuwait Petroleum Corporation.

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market investments and corporate securities. Oil Minister Khalifa considers the United States the most attractive location for Kuwaiti oil and gas exploration investments.

In addition to building an endowment for the future, the government also uses its wealth to secure protection and enhance its prestige within the Arab world. As a percentage of GNP, Kuwaiti official development assistance has ranked consistently among the highest in the world, averaging over 6 percent in 1975-80. Arab confrontation states and Egypt have garnered the largest share of government-to-government grants, loans, and low-interest long-term time deposits. 25X1

Established in 1961, the Kuwait Fund for Arab Economic Development (KFAED) has disbursed more than $2 billion in project loans, with about 60 percent going to moderate Arab countries, 30 percent to Islamic Asian LDCs, and 10 percent to African countries. Investment institutions with partial government ownership are involved in LDC development 25X1

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through commercial loans and equity project participation.[5]

The government also feels an obligation to support local financial institutions and Arab companies through capital participation and, to a lesser extent, with loans and deposits. Kuwait desires to become a major international investment center, and to this end the government has encouraged the growth of local financial intermediaries to help recycle government oil revenues. From only three in 1973, Kuwaiti investment firms now number more than 18. The Kuwait Investment Company (KIC), 50-percent government owned; the Kuwait Foreign Trading, Contracting, and Investment Company (KFTCIC), 80-percent government owned; and the Kuwait International Investment Company (KIIC) are the largest recipients of GOK funds and have become active players in international financial markets. Kuwait also owns capital in more than a dozen Arab companies, including the Arab Banking Corporation and the Gulf International Bank, which last year were the largest Arab lenders in the international syndicated loan market.

Key Decisionmakers

Responsibility for the investment of Kuwait's assets ultimately rests with the Amir, who as a former Finance Minister takes an active interest in the Kuwaiti portfolio.[6] According to Embassy officials, in approving MOF or KPC investment policies, the Amir relies heavily on the advice of Abu Sa'ud, a counselor for both government and ruling Sabah family investments. Although the National Assembly is empowered to consider major foreign purchases or investment policy changes, it has traditionally rubber stamped decisions approved by the Amir.

In addition to the Amir and Abu Sa'ud, the most influential policy- and decision-makers include Finance Minister Hamad, Minister of Oil 'Ali Khalifa al-Sabah, and Crown Prince Sa'd.

[5]See appendix B for specific data on Kuwaiti investment companies.

Appointed in March 1981, Hamad publicly advocates active portfolio management with shorter performance horizons and the centralization and consistency of investment strategy. He has openly pledged to upgrade Kuwaiti financial expertise and put more operational control of investments into local hands. Despite his solid reputation as an economist and investment banker, Hamad has recently come under fire from local businessmen for advocating the creation of a joint private government "jumbo" investment bank, which they say would draw business away from established institutions. They have also been critical of his laissez-faire attitude with regard to rampant speculation on the local stock market, according to Embassy officials. 25X1

As KPC chairman, 'Ali Khalifa has gained a powerful voice in foreign investment policy. Although he must receive the Supreme Petroleum Council's approval for foreign acquisitions, Khalifa is responsible for KPC's aggressive investment and diversification strategy. 25X1 Enjoying excellent industry contacts around the world, Khalifa arranged the Sante Fe International takeover last summer when the US Chairman was on business in Kuwait and according to Embassy reports, subsequently convinced a six-man ad hoc committee, including the Crown Prince, Hamad, and Abu Sa'ud, of the takeover's merits. He travels frequently in the United States and Western Europe to investigate and negotiate possible acquisitions. According to the Embassy, Hamad, among others, is critical of Khalifa's free rein over KPC funds and investment decisions.

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Investment Practices

[redacted]

Last June the National Assembly approved the creation of an independent state investment agency to assume the Finance Ministry's jurisdiction over management of RFFG and General Reserve foreign assets. According to Embassy reporting, concern over the availability of liquid reserves to meet current cash flow problems spurred this move, which had been under consideration for almost two years. Scheduled to be operational early next year, the agency will be governed by a 10-member board headed by Fahd Muhammad al Rashid, Dean of the Faculty of Commerce, Economics, and Political Science, and including the Finance Minister, Oil Minister, Central Bank Governor, Undersecretary of Planning, and five private-sector experts appointed by the Amir. Although the agency has been lauded by Hamad as an important step toward centralizing management of Kuwaiti

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foreign assets, current legislation does not give it authority over other government funds. It will, however, assume KIO's responsibility for management of current budget foreign exchange funds. [redacted] 25X1

Ministry of Finance

[redacted] 25X1

[redacted] Sensitive to the public outcry accorded its large US real estate purchases and West German equity purchases in 1974-75, the GOK has usually insisted that equity holdings within these accounts be kept below the required foreign government disclosure ceiling, which ranges from 5 percent of a corporation's share in the United States and the United Kingdom to 25 percent in West Germany. UK holdings are the 25X1

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exception, but with the 48 firms for which the KIO has disclosed ownership of over 5 percent, Kuwait has rarely exercised its votes or proxies. Kuwaiti managers value highly their confidential relations with foreign bank and government officials and take seriously any breach of trust. Last year Citibank lost a $7 billion MOF account following public disclosure of individual holdings by a disgruntled bank employee.

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The MOF tends to focus equity positions on a country's most successful sectors. West German investments are concentrated in heavy industry

Equity investments in the United Kingdom are primarily real estate and financial firms, while Japanese accounts favor technology and resource development companies including Toshiba, Mitsubishi, Hitachi, and Nippon Mining. Publication of the Kuwaiti Citibank portfolio revealed US holdings to be generally representative of the Standard and Poor's 500, with a slightly heavier concentration in oil-related stocks. 25X1

Kuwait Petroleum Corporation 25X1

According to Oil Minister Khalifa, KPC acquisitions are being selected primarily on the basis of their short-term profitability, although their contribution to the integration of KPC as a major international oil company is also considered. After an unsuccessful bid to acquire 15 percent of Getty Oil in 1980, the KPC negotiated the $2.5 billion takeover of Sante Fe International last December. In addition to production acreage in the United States and the United Kingdom, Sante Fe subsidiaries are engaged in engineering and construction of oil production and transport facilities worldwide. The current focus is on oil and gas exploration, primarily in the United States but also in African and Asian LDCs, which have largely been ignored by major international oil firms (appendix A). Investments in downstream refining and marketing have thus far been limited to Bahrain, Malaysia, and Tunisia.

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Kuwait is trying to penetrate European markets through partial acquisition of Gulf Oil's European refineries, although the year-long negotiations continue to drag on [redacted] KPC realizes that it must develop access to major refined markets if it is to become a viable international firm. Through its purchase of 18 percent of Hoechst Chemical Company, the KPC plans to tap West German expertise in developing Kuwait's petrochemical industry. [redacted]

KPC Chairman Khalifa has stressed before the National Assembly that only KPC profits will be used for international ventures. He expects profits to be on the order of $1 billion annually for the next two years, with $150-200 million earmarked for LDC oil exploration and $250 million for Sante Fe International. In his recent request to the National Assembly for approval to boost KPC capitalization from $3.5 billion to $8.7 billion, Khalifa pledged that these funds would be used solely for domestic programs. [redacted]

Investment Institutions

Kuwaiti investment firms followed more aggressive loan and investment policies last year [redacted] KIC equity is located primarily in Western industrialized countries, while the 80-percent government-owned KFTCIC and the Kuwait Real Estate Investment Consortium (KREIC) invest heavily in the Arab world (appendix B). [redacted]

Led by the KFTCIC, Kuwaiti investment companies held close to $1 billion in commercial loans at yearend 1981. Last year, KFTCIC participated in international credits totaling $5.3 billion, up significantly from $1.7 billion in 1980. Mexico and South America received 36 percent of these loans, followed by OPEC countries with 26 percent. [redacted] In conjunction with the Amir's visit to Eastern Europe last year, KFTCIC took unusually large shares in lead-managed loans totaling $600 million to Hungary, Yugoslavia, and Romania. Over the past three years, KIC has managed only two Euromarket syndicated loans, one of which was a $250 million loan for Yugoslavia. [redacted]

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Outlook and Implications for the United States

Barring a major shock to the oil market, Kuwaiti oil revenues in 1982-84 should be substantially lower than the $50 billion realized in 1979-81. Heretofore, large surpluses enabled the GOK to meet competing demands for its funds, but in the present oil market, the government is making difficult choices among large Arab aid requests, ambitious oil-sector development plans, and allocations to the RFFG. [redacted] 25X1

[redacted]

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If revenues decline further, Kuwait may have to take a number of unpleasant steps. On the domestic front, the government has already begun to trim spending,

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and we believe further cuts could be made without provoking unrest. Finance Minister Hamad has said that he views the current financial squeeze as an opportunity to begin shifting the source of economic growth from the government to the private sector and believes that (with the proper economic incentives) Kuwait can become an important financial and service center. Kuwaiti citizens have benefited handsomely from generous nonwage allowances, promotions, and subsidies during the past two years, and we believe they will accept further belt-tightening measures. In any case, the brunt of budget cuts will be borne by expatriates, who stand to lose their jobs and are precluded from participating in lucrative domestic real estate and financial markets.

Although domestic spending and KPC activities would probably be cut to avoid a drawdown in assets, we believe that to protect its borders as well as its international prestige Kuwait would liquidate assets in order to maintain aid to Iraq, the Arab confrontation states, and other selected LDCs. Project loans to moderate Arab states and several African and Latin American countries undoubtedly would be trimmed or delayed, but the KFAED is committed to continued lending. Kuwaiti officials have turned down new aid requests from Iraq since April, but we believe they would accede to these requests to prevent an Iraqi collapse in its war with Iran. 25X1

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On the basis of our judgment of Kuwait's spending priorities, we doubt that the government would have to draw down massive amounts of assets.

Because of Kuwait's limited revenue needs and its commitment to upholding oil prices and observing the production ceiling it agreed to at the March OPEC meeting, we would be surprised if the Kuwaitis tried to increase their oil sales in a glutted market.

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We see no major changes in Kuwaiti policies regarding its financial placements. Kuwait will continue to favor US markets, particularly for equities and direct investments. Present decisionmakers have close US

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ties and are knowledgeable about US markets. Moreover, current US foreign investment laws are among the most liberal within the OECD. The affinity between the two countries, however, could become a political liability for the current leadership should Arab-Israeli tensions persist. [redacted]

The government must avoid the appearance of close economic ties with the United States in order to preserve its nonaligned reputation among Arab states and the local populace, of which 25 percent is Palestinian. During debate on establishing the Kuwait Investment Agency (KIA), the National Assembly espoused the KIA as a means to channel additional funds into Arab and Third World countries rather than into the West. During the recent Lebanon crisis, the Deputy National Assembly Speaker called for Kuwait to set the example for other Gulf states by withdrawing funds from US banks in protest of US support for Israel. Although a complete withdrawal would be difficult to maneuver and costly because of the high proportion of nonreserve assets, restraints on future investments in the United States cannot be ruled out. [redacted]

[redacted]

Kuwaiti acquisitions currently do not threaten US business in Western markets, but they could offer stiff competition in the Arabian Gulf when the oil market picks up. Through Sante Fe International, KPC operates only about 2 percent of non-Communist drilling rigs and produces less than 1 percent of US oil and gas output and 1 percent of UK crude output; it has no overseas refining capacity. Sante Fe, however, operates 21 percent of all rigs in OPEC, mainly in the Gulf states, and its subsidiaries have been active contractors in pipeline, refinery, and petrochemical plant construction. Kuwaiti policy calls for all new petroleum-related projects to be tendered first to Sante Fe subsidiary C. F. Braun, which is also expected to win other Gulf contracts. [redacted]

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Appendix A

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Kuwait Petroleum Corporation (KPC): Financial Data

Established	February 1980
Financial Data	Authorized capital of $8.7 billion (2.5 billion Kuwaiti dinars), of which $1.5 billion was approved in June 1982. Foreign assets are estimated at $4.0 billion.
Principal Officers	'Ali al-Khalifa Al Sabah (Chairman of the Board), Abdel-Razzaq Mohammad Hussain (Deputy Chairman and Managing Director).
Subsidiaries	Kuwait Oil Company (domestic oil and gas production) Kuwait National Petroleum Company (liquefied petroleum gas manufacturing, refining, and local product distribution) Kuwait Oil Tankers Company (crude and product shipping) Kuwait Petrochemical Industries Company (petrochemicals manufacturing) Kuwait Overseas Petroleum Exploration Company (overseas exploration) Kuwait International Petroleum Investment Company (energy-related international investments; 30-percent owned by Kuwaiti citizens) Sante Fe International (oil and gas production, engineering, and construction)

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Appendix B

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Kuwaiti Investment Companies: Financial Data [redacted]

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Kuwait Foreign Trading, Contracting, and Investment Company (KFTCIC)

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Established 1965

Financial Data (1981) Authorized and paid-up capital—$143 million. Total assets are $2.16 billion. [redacted]

Shareholders Government of Kuwait (80 percent)
Kuwaiti public (20 percent)

Main Activities International loan and bond issues, direct investments (primarily in Arab LDC enterprises), real estate development, and portfolio management

Lending Terms Market

Types of Financing Syndicated Euromarket financing; project

Principal Recipients (1980-81) Arab LDCs, Western Europe, Eastern Europe

Principal Officers Abdulwahab Ali al-Tammar (Chairman and Managing Director), Abdulmohsen Yousef al-Hunaif (Vice Chairman), Abdullah Ahmad al-Gabandi (Deputy General Manager)

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Kuwait Investment Company (KIC)

Established	1961
Financial Data (1980)	Authorized and paid-up capital—$82 million. Total assets are $820 million.
Shareholders	Government of Kuwait (50 percent), Kuwaiti public (50 percent).
Main Activities	Bond underwriting, real estate ownership and development, banking interests, and portfolio management.
Lending Terms	Market
Type of Financing	Mainly projects; international corporate issues; occasionally participates in syndicated loans for foreign governments.
Principal Recipients (1980-81)	Domestic sector, industrialized countries, LDCs.
Principal Officers	Hamad al-Bahar (Chairman), Abdullah Abdel-Latif al-Shaya (Deputy Chairman)

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Kuwait Real Estate Investment Consortium (KREIC)

Established	1975
Financial Data (1981)	Authorized and paid-up capital—$84 million. Total assets—$280 million.
Shareholders	Ministry of Finance (20 percent), Kuwait Real Estate Bank (10 percent), United Realty Company (10 percent), National Real Estate Company (10 percent), Kuwait Real Estate Company (10 percent), Kuwait Hotels Company (10 percent), Kuwait International Investment Company (10 percent), KFTCIC (10 percent), KIC (10 percent).
Main Activities	Investment in real estate projects, mainly in Arab countries
Lending Terms	Market, concessional rates for government projects
Type of Financing	Project
Principal Recipients (1980-81)	Arab countries, some Asian recipients
Principal Officers	Ahmad Ali M Dvaij (Chairman), Youssef Abdel-Aziz Wazzan (Vice Chairman)

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